

FULL RELEASE OF ALL CLAIMS AGREEMENT

This Settlement Agreement is entered into between and among plaintiffs, DYRENE LOFTIS AND MICAH WELCH, a minor by and through his Guardian ad Litem, Dyrene Loftis, on behalf of themselves and their heirs, also including Raymond Welch and Lamar-Iah Young (the other minor children of Dyrene Loftis), (hereinafter "Releasors"), and COUNTY OF LOS ANGELES (hereinafter "Releasees/COUNTY OF LOS ANGELES" or "Defendant").

1. Full Release of All Liability

For and in consideration of the amounts set forth within the Exhibit "A" attached and incorporated herein to this Release, Releasors, individually and on behalf of their spouse(s), agents, children, heirs, executors, administrators, siblings, successors in interest and assigns, release, acquit, and forever discharge and/or hold harmless, indemnify and defend COUNTY OF LOS ANGELES, its attorneys, claims administrators, adjusters, investigators, insurers, physicians, nurses, aides, medical facilities and clinics (hereinafter "Releasees"), and all the respective officers, directors, agents, servants and employees of each of the above Releasees, of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, loss of service, expenses and compensation whatsoever, including wrongful death, which the undersigned now have or which may hereafter accrue or otherwise be acquired on account of or in any way growing out of any and all known and unknown, foreseen and unforeseen bodily and personal injuries, and the consequences thereof of any of the above which may result in the future from the alleged acts or omissions of the Releasees including the accident, casualty or event which occurred on April 9 to April 10, 2012 and thereafter at LAC/USC Medical Center involving Dyrene Loftis and Micah Welch as set forth, but not limited to, that lawsuit filed in Los Angeles Superior Court and entitled Micah Welch, et al. v. County of Los Angeles, et al., Superior Court case number Case No. BC486066.

This settlement is contingent upon Court Approval of the Minors' Compromise. Further, this settlement is contingent upon approval by the Board of Supervisors. This Release is null and void if the settlement is not approved by the Board of Supervisors.

As part of this settlement, Releasors, individually and on behalf of their spouse(s), agents, children, heirs, executors, administrators, siblings, successors in interests and assigns, specifically waive any future claim for the wrongful death of Micah Welch. Releasors and their counsel are attempting to identify the father of Micah Welch. If the father of Micah Welch cannot be identified prior to the signing of this release, Releasors and their counsel, Bruce Fagel and Tal Hassid, agree to hold Releasees harmless from any wrongful death claim by the father of Micah Welch. Releasors and their counsel agree to defend, indemnify and reimburse the Releasees, if so requested, including the payment of reasonable attorney's fees, for any wrongful death claim by the father of Micah Welch.

2. Waiver

It is further understood and agreed that all rights under Section 1542 of the Civil Code of California and any similar law of any state or territory of the United States are hereby EXPRESSLY WAIVED.

SAID SECTION READS AS FOLLOWS:

"1542. GENERAL RELEASE; EXTENT. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Releasors hereby declare and represent that the injuries sustained are or may be permanent and/or progressive and that recovery therefrom is uncertain and indefinite. In making this Release, it is understood and agreed, that Releasors rely wholly upon their judgment, belief and knowledge of the nature and extent and duration of said injuries and liability therefore. It is further understood and agreed that this Release is made without reliance upon any statement or representation of the party or parties hereby released or their representatives or by any physician or surgeon employed or affiliated with them.

Releasors further declare and represent that no promise, inducement or agreement not herein expressed has been made to Releasors, and that this Release contains the entire agreement between the parties hereto, and that the terms of the Release are contractual and not a mere recital.

PENAL CODE SECTION 72 STATES:

"FRAUDULENT CLAIMS; PRESENTATION; INTENT: PUNISHMENT: EVERY PERSON WHO, WITH INTENT TO DEFRAUD, PRESENTS FOR ALLOWANCE OR FOR PAYMENT TO ANY STATE BOARD OR OFFICER, OR TO ANY COUNTY, CITY, OR DISTRICT BOARD OR OFFICER, AUTHORIZED TO ALLOW OR PAY THE SAME IF GENUINE, ANY FALSE OR FRAUDULENT CLAIM, BILL, ACCOUNT, VOUCHER, OR WRITING, IS PUNISHABLE EITHER BY IMPRISONMENT IN THE COUNTY JAIL FOR A PERIOD OF NOT MORE THAN ONE YEAR, BY A FINE OF NOT EXCEEDING ONE THOUSAND DOLLARS (\$1,000), OR BY BOTH SUCH IMPRISONMENT AND FINE, OR BY IMPRISONMENT IN THE STATE PRISON, BY A FINE OF NOT EXCEEDING TEN THOUSAND DOLLARS (\$10,000), OR BY BOTH SUCH IMPRISONMENT AND FINE.

AS USED IN THIS SECTION "OFFICER" INCLUDES A "CARRIER," AS DEFINED IN SECTION 14124.70(a) OF THE WELFARE AND INSTITUTIONS CODE, AUTHORIZED TO ACT AS AN AGENT FOR A STATE BOARD OR OFFICER OR A COUNTY, CITY, OR DISTRICT BOARD OR OFFICER, AS THE CASE MAY BE."

All sums set forth herein constitute damages on account of personal physical injuries or physical sickness, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

3. Final Compromise: No Admissions

The Releasors agree and acknowledge that they accept payment of the sums specified in this Settlement Agreement as a full and complete compromise of matters involving a doubtful and disputed claim; that neither payment of the sums by Releasee, nor the negotiations for this settlement (including all statements, admissions, or communications by the Releasees and its attorney or representatives) shall be considered admissions by them; that Releasees deny any and all liability and merely intend to avoid the uncertainties of litigation; and that no past or present wrongdoing on the part of the Releasees shall be implied by such payments or negotiations.

In making this Agreement and release, it is understood and agreed that the Releasors, on behalf of themselves and their heirs, decedent's heirs, executors, wards, administrators, agents, parents, successors in interest, attorneys, and assigns, acknowledge and agree that the Releasees have at all times pertinent hereto negotiated, bargained, and settled this matter in good faith and have, at all times pertinent hereto, conducted themselves accordingly. Releasors specifically waive and relinquish any and all rights, actions, causes of action, claims, demands, damages, costs, losses, expenses, and compensation which are in any fashion based upon the principles set forth in the cases of Royal Globe Insurance Co. v. Superior Court, Rodriguez v. Fireman's Fund, and their progeny, and/or any law or statute of the State of California and/or United States of America.

4. Delivery of Dismissal with Prejudice

Concurrently with the execution of this Settlement Agreement, plaintiffs or counsel for plaintiffs will deliver to defendant's representative or counsel for defendant an executed Dismissal with Prejudice of the entire civil action described herein. Plaintiffs have authorized plaintiffs' attorney to execute this Dismissal on their behalf and hereby authorize counsel for defendant to file said Dismissal with the Court and enter it as a matter of record.

5. Cooperation of the Parties

All parties agree to cooperate fully and to execute any and all supplementary documents and to take all actions that may be necessary or appropriate to give full force and effect to the basic terms/intent of this Settlement Agreement and which are not inconsistent with its terms.

6. Advice of Counsel

In entering into this Settlement Agreement, the Releasors represents that they have relied upon the advice of counsel, who is an attorney of their own choice, and that the terms of this Settlement Agreement have been completely read and explained to them by their attorney and

that these terms are fully understood and voluntarily accepted by them. If Releasors are not fluent in the English language, they hereby represent that the terms of this agreement have been read and explained to them in their native language, and that the terms of this agreement are fully understood and voluntarily accepted by them.

7. Liens and Other Claims

The Medi-Cal lien amount currently existing at the time this settlement is approved by the Board of Supervisors will be assumed by the County of Los Angeles. Releasors hereby hold Releasees harmless from any claim, fee, penalty, repayment and/or lien by any other party including but not limited to compensation carriers, medical insurance carriers, governmental entities who are interested (other than the Medi-Cal lien addressed above), other heirs not parties to this action, and other parties who may assert a lien, such as prior counsel, who have or may have any claim arising out of the incidents herein and agree to hold harmless, defend, indemnify and reimburse the Releasees, COUNTY OF LOS ANGELES, if so requested, including the payment of reasonable attorney's fees, for any and all such claims, fees, penalties, repayments, and/or liens which COUNTY OF LOS ANGELES may be faced with and/or forced to defend.

8. Releasors' Agreement to Indemnify and Hold Releasee Harmless for Any Liability or Failure of Performance by an Annuity Provider or Obligor for Future Payments

Releasors have elected to have a portion of the settlement with Releasee paid by periodic payments in the future.

Releasors have requested that a portion of the periodic payments be provided through American General Life Insurance Company and the terms of this annuity are set forth in Exhibit "A" to this agreement.

Releasors acknowledge and agree that Releasee has not suggested, advised or influenced Releasors' selection of American General Life Insurance Company as an annuity provider. Releasors acknowledge that American General Life Insurance Company is not an approved annuity provider for Releasee.

Therefore, in consideration of Releasee purchasing the annuities as directed by Releasors from America General Life Insurance Company, an annuity provider that does not qualify for the annuity program of the County of Los Angeles, Releasors agree to indemnify and hold harmless Releasee from any claim, liability, or dispute of any nature or description arising out of the purchase or performance of the annuity contract by American General Life Insurance Company or its agents, assigns, or successors in interest.

9. Warranty of Capacity to Execute Agreement

Releasors represent and warrant that no other person or entity has or has had any interest in the claims, demands, obligations or causes of action referred to in this Settlement Agreement

except as otherwise set forth herein and that they have the sole right and exclusive authority to execute this Settlement Agreement and receive the sums specified in it; and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations, or causes of action referred to in this Settlement Agreement.

10. Governing Law

This Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of California. The use of the male pronoun in this release shall apply equally to the female; the use of the singular shall apply to the plural, and vice versa.

11. Attorneys' Fees and Costs

Except as set forth herein, each party hereto shall bear all attorneys' fees and costs arising from the actions of its counsel in connection with this action, this Settlement Agreement and the matters and documents referred to herein and all related matters.

12. Medicare

It is not the purpose of this settlement Agreement to shift responsibility of medical care in this matter to the Medicare program. Instead, this settlement is intended to resolve a dispute between the Releasors and Defendant.

- a) Conditional Payments. Releasors have been advised and fully understand that conditional payment information (any benefits paid by Medicare up to date of settlement), if any, are the responsibility of the Releasors and must be satisfied out of these settlement proceeds.
- b) Future Medicals Not Set Aside. The parties have appropriately considered Medicare's interest and have concluded that no funds should be set aside for the Releasor's future medical care based on (1) the disputed nature of the claim, and (2) the lack of anticipated medical care provided by Medicare. Releasors agree to indemnify, defend and hold Defendant harmless from any action by Medicare seeking payment for future medical expenses for the Releasors.
- c) While it is impossible to accurately predict the need for future treatment, this settlement is based upon a good faith determination of the parties in order to resolve a questionable claim. The parties have attempted to resolve this matter in compliance with both state and federal law and it is believed that the settlement terms adequately consider Medicare's interest and do not reflect any attempt to shift responsibility of treatment to Medicare pursuant to 42 U.S.C. Sec. 1395(b). The parties acknowledge and understand that any present or future action or decision by CMS or

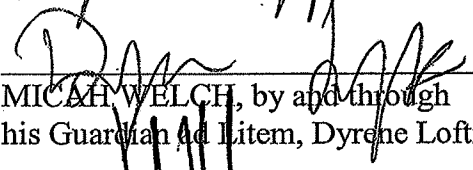
Medicare on this settlement to Medicare or Medicare payments will not render this release void or ineffective, on in any way affect the finality of this liability settlement.

- d) Hold Harmless. Releasors agree to indemnify, defend and hold Releasees harmless from any action by Medicare seeking payment of past, current, or future medical expenses for the Releasor. Releasors shall further hold Defendant harmless from any and all adverse consequences in the event this settlement results in the loss of right to Social Security and/or Medicare benefits in the absence of this Settlement Agreement.

WE HAVE READ THE FOREGOING RELEASE AND FULLY UNDERSTAND AND ACCEPT IT.


DYRENE LOFTIS

10/30/13
DATE


MICAH WELCH, by and through
his Guardian ad Litem, Dyrene Loftis

10/30/13
DATE


RAYMOND WELCH, by and through
his Guardian ad Litem, Tal Hassid

10/30/13
DATE

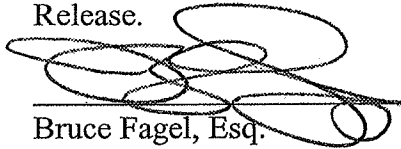

LAMAR-IAN YOUNG, by and through
her Guardian ad Litem, Tal Hassid

10/30/13
DATE

_____, Father of Micah Welch

10/30/13
DATE

I, Bruce Fagel, attorney for plaintiffs, hereby represent and declare that I have fully explained this Settlement Agreement and Release to said persons, and that they have acknowledged understanding to me of this Settlement Agreement and Release and the legal effect thereof and I have advised them to sign it. Further, I agree to the terms of this Settlement Agreement and Release.


Bruce Fagel, Esq.

10/30/13
DATE

EXHIBIT A

A. Payments

In consideration for the Settlement Agreement and Release to which this document is attached and incorporated, the County of Los Angeles (hereinafter referred to as County) hereby agrees to pay the following sums in the designated manner:

(1) Payments due at the time of Settlement as follows:

\$3,950,000.00 cash paid in accordance with the Court Order Approving Minor's Compromise

(2) Periodic payments, made according to the following schedule:

- (i) Payee: Trustee of the Micah Welch Special Needs Trust
\$16,500.00 payable monthly for 10 years certain only, beginning January 1, 2014, increasing at 3% compounded annually. Last guaranteed payment is due December 1, 2023.
- (ii) Payee: Trustee of the Micah Welch Special Needs Trust
\$22,175.00 payable monthly for the life of Micah Welch, beginning January 1, 2024, increasing at 3% compounded annually.
- (iii) Payee: Lamar-Iah Young
\$10,925.00 payable annually for 4 years certain only, beginning July 1, 2027. Last guaranteed payment is due July 1, 2030.
- (iv) Payee: Raymond Welch
\$11,850.00 payable annually for 4 years certain only, beginning July 1, 2029. Last guaranteed payment is due July 1, 2032.

All sums and periodic payments set forth in the section entitled Payments constitute damages on account of personal physical injuries or physical sickness, arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

Releasor(s) agree, however, that they have not received or relied upon any advice or representation from the County, or their attorneys, including advice or representation as to the tax effect of this Agreement. In accordance therewith, Releasor(s) agree to hold harmless the County from any losses to Releasor(s) incurred including any loss by reason of a determination by the Internal Revenue Service or other tax authority that said settlement monies do not constitute, in whole or part, damages on account of personal physical injury or physical sickness.

B. Qualified Assignment

The Parties hereto acknowledge and agree that the County may make a "qualified assignment" within the meaning of Section 130(c), of the Internal Revenue Code of 1986, as amended, to New York Life Insurance & Annuity Corporation [hereinafter referred to as Assignee(s)] of the County's liability to make the periodic payments described in paragraphs A(2)(i), A(2)(iii) and A(2)(iv) herein; and to American General Annuity Service Corp. [hereinafter referred to as Assignee(s)] of the County's liability to make the periodic payments described in paragraph A(2)(ii) herein.

Such assignment, if made, shall be accepted by the Releasor(s) without right of rejection and shall completely release and discharge the County from such obligations hereunder as are assigned to Assignee(s).

The obligation assumed by Assignee with respect to any required payment shall be discharged upon the mailing of a check or electronic funds transfer on or before the due date of a valid payment in the amount specified to the address of record. In the event Payee notifies the Assignee that a check has not been received, or that an electronic transfer has not been deposited, Assignee will initiate a stop payment action, and, upon confirmation that such check has not been negotiated or electronic funds transfer deposited, Assignee shall issue a replacement check or electronic funds transfer.

The Releasor(s) hereto expressly understand and agree that upon the qualified assignment being made by the County to Assignee(s) as authorized by this agreement, all of the duties and responsibilities to make the periodic payments otherwise imposed upon the County by this agreement shall instead be binding upon Assignee(s), and the County shall be released from all obligations to make said periodic payments, and Assignee(s) shall at all times remain directly and solely responsible for and shall receive credit for all such payments made to Releasor(s). It is further understood and agreed that, upon such a qualified assignment, Assignee(s) assumes all of the duties and responsibilities of the County to make the periodic payments.

The Releasor(s) agree that:

(1) Periodic payments under this Settlement Agreement from Assignee(s) cannot be accelerated, deferred, increased or decreased by the Releasor(s).

(2) The Assignee's obligation for payment of the periodic payments shall be no greater than the obligation of the person or entity originally liable (whether by suit or agreement) for payment and from whom the obligation was assigned.

C. Releasor's Right to Payments

The County and/or Assignee(s) shall not segregate or set aside any of its assets to fund the payments to Releasor(s) required herein. Payments hereunder cannot be accelerated, deferred,

increased or decreased by the Releasor(s) and/or Assignee(s) and no part of the payment(s) called for herein or any assets of the County and/or Assignee(s) is to be subject to execution of any legal process for any obligation in any manner. Furthermore, the Releasor(s) shall not have the power to sell or mortgage or encumber the same, or any part thereof, anticipate the same, or any part thereof, by assignment or otherwise.

D. Right to Purchase an Annuity

Releasor(s) agree that the County and/or Assignee(s) shall have the right to fund its liability to make periodic payments by purchasing a "qualified funding asset", within the meaning of Section 130(c) of the Code, in the form of an annuity policy from New York Life Insurance Company [hereinafter referred to as Annuity Issuer(s)] as to paragraph A(2)(i), A(2)(iii) and A(2)(iv); and from American General Life Insurance Company [hereinafter referred to as Annuity Issuer(s)] as to paragraph A(2)(ii).

The County and/or its Assignee(s) shall be the owner of the annuity policy or policies, and shall have all rights of ownership. The County and/or its Assignee(s) may have Annuity Issuer(s) mail payments directly to the Releasor(s). The Releasor(s) shall be responsible for maintaining the currency of the proper mailing address and mortality information to Assignee(s).

The parties hereto acknowledge and agree that the Releasor(s) will assume the risk that the annuity carriers or their assignees do not make the agreed upon future payments as specified herein. The Releasor(s) agree that the annuity carriers and their assignees were chosen with their approval and that they have performed due diligence on the annuity carriers and their assignees. The Releasor(s) will look solely to the annuity carriers and assignees and will seek no recourse against the County.

E. Releasor's Beneficiary

Any payments to be made after the death of the Releasor(s) pursuant to the terms of this Settlement Agreement and Release shall be made to such person or entity as shall be designated in writing by said Releasor(s) to the County or the County's Assignee(s). If no person or said entity is so designated by the Releasor(s), or if the person designated is not living at the time of the Releasor's death, such payments shall be made to the estate of the Releasor(s). No such designation, nor any revocation thereof, shall be effective unless it is in writing and delivered to the County or the County's Assignee(s). The designation must be in a form acceptable to the County or the County's Assignee(s) before such payments are made.

F. Lien Satisfaction

The County of Los Angeles also agrees that they shall hold Releasor(s) harmless from any and all Medi-Cal liens currently existing as of the date of approval by the Board of Supervisors and reserve the right to negotiate and satisfy said liens on behalf of themselves and Releasor(s). Releasor(s) shall cooperate fully with the County of Los Angeles in any negotiation of said liens.

However, the County of Los Angeles shall not be liable to pay any Medi-Cal lien amount in excess of 75% of reasonable and necessary services which are related to the subject matter of this litigation.